

Message Text

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 9271

C O N F I D E N T I A L KINSHASA 7059

PASS EXIM, TREASURY

E.O. 11652: AGDS 12/31/76

SUBJ: EXIM INGA-SHABA SPECIAL PAYMENT FACILITY

1. AS PREVIOUSLY REPORTED, GOVERNOR SAMBWA AND DIRGEN FINANCE MUANDA GAVE US ASSURANCES THAT THEY WOULD ISSUE INSTRUCTIONS FOR WORK TO PROCEED ON REVIEW OF SPECIAL PAYMENTS FACILITY. WE UNDERSTAND THAT MEETINGS WERE HELD IN ACCORDANCE WITH THESE INSTRUCTIONS. AT AUG 21 MEETING OF REPS OF SNEL, CENTRAL BANK AND FINANCE MINISTRY TO DISCUSS SPECIAL PAYMENTS FACILITY, IT IS RELIABLY REPORTED THAT NUMEROUS WORKING LEVEL OFFICIALS RAISED CONCERN ABOUT CITY BANK SUIT AND CORRESPONDENCE FROM CITY BANK AND BANKERS TRUST URGING ZAIRE NOT TO SIGN SPECIAL PAYMENT FACILITY. GOZ REPS WERE ALSO CONCERNED THAT SPECIAL PAYMENT FACILITY MIGHT BE VIOLATION OF PARIS AGREEMENT ON DEBT RESCHEDULING. DECISION WAS TAKEN TO DISCUSS PROBLEM AT MEETING OF STABILIZATION COMMISSION AND ALSO AT WORKING LEVEL GROUP INCLUDING SOZACOM AND GECAMINES WHERE RELEVANT DOCUMENTS ARE TO BE REVIEWED.

2. MUTANDA OF SNEL HAS OBSERVED TO CIS REPS THAT GOZ HAS HEARD NOTHING DIRECTLY FROM EXIM BANK AS TO POSSIBLE ADVERSE EFFECTS TO ZAIRE OF CITY BANK SUIT.

3. COMMENT: WE ARE CONFIDENT THAT ASSURANCES BY SAMBWA AND MUANDA TO PROCEED WITH REVIEW OF DOCUMENTS WERE GIVEN IN GOOD FAITH.

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HOWEVER, THEY AND OTHER SENIOR OFFICIALS INCLUDING PRES MOBUTU WILL

UNDOUBTEDLY BE INFLUENCED BY CONCERNS RAISED BY WORKING LEVELS. ALTHOUGH WE ARE IN NO POSITION TO COMMENT UPON MERITS OF LAW SUIT OR FEAR THAT SPECIAL PAYMENTS FACILITY MIGHT BE VIOLATION OF PARIS RESCHEDULING AGREEMENT, WE REGARD THESE AS LEGITIMATE CONCERNS WHICH SHOULD BE ADDRESSED. CONSEQUENTLY, WE URGE THAT OTHER OPTIONS TO SPECIAL PAYMENTS FACILITY BE EXPLORES IN ORDER TO IMPLEMENT ASAP EXIM FINANCING FOR INGA-SHABA. SUCH OPTIONS WOULD INCLUDE: (A) ELIMINATION OF SPECIAL PAYMENTS FACILITY; (B) MODIFICATION OF SPECIAL PAYMENTS FACILITY SUGGESTED BY CITY BANK SO AS TO BE APPLICABLE ONLY TO NEW FINANCING CENTER.

4. FINALLY, WE NOTE INTEREST EXPRESSED PARA TWO AS TO EXIM'S VIEWS. WE WOULD WELCOME VISIT BY MESSRS. LENTZ AND GABA OR OTHER EXIM OFFICIALS TO EXPLAIN EXIM VIEWS TO WORKING LEVEL GOZ OFFICIALS. WE NOTE THOUGH THAT NUMEROUS SENIOR OFFICIALS WILL BE ABSENT FROM ZAIRE IN NEAR FUTURE OR PREOCCUPIED WITH SCHAUFLE-ROGERS VISIT. CUTLER

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